

VZCZCXRO6048
RR RUEHBC RUEHDE RUEHDH RUEHIHL RUEHKUK
DE RUEHGB #3202/01 3481531
ZNY CCCCC ZZH
R 141531Z DEC 09 ZDK
FM AMEMBASSY BAGHDAD
TO RUEHC/SECSTATE WASHDC 5719
INFO RUCNRAQ/IRAQ COLLECTIVE
RUEHGV/USMISSION GENEVA 0376

C O N F I D E N T I A L SECTION 01 OF 02 BAGHDAD 003202

SIPDIS

NEA-I/ECON FOR DON COOKE

E.O. 12958: DECL: 12/14/2019
TAGS: [ELAB](#) [EFIN](#) [EINV](#) [IZ](#)
SUBJECT: IRAQ: STATUS OF DRAFT LABOR CODE

REF: A. COOKE-MCFARLAND EMAIL 12-14-2009
[1](#)B. 08 BAGHDAD 4060

Classified By: Econ Counselor John Carwile for reason 1.4 (b, d)

[1](#)1. (SBU) Summary: The GOI's efforts to enact meaningful labor standards continue, albeit at a slow pace. MoLSA Labor Directorate Director General Dr. Reyad Hassan is pushing to have the Shura Council approve a draft labor code that has been under consideration since 2007. (The draft code is then expected to return to the Council of Ministers and on to the Council of Representatives for consideration.) Reyad noted to us in November that the draft labor code would extend well beyond basic labor rights to include social safety net eligibility and reforms to the employment standards for state-owned enterprises, among other sensitive political issues. The draft has reportedly passed two Shura committees and is with the third and final committee for review. The Shura review has resulted in some amendments, none of which would threaten ILO-compliance, Reyad said.

[1](#)2. (SBU) Summary Continued: This tracks readouts we have received from the ILO, which works with MoLSA regularly. The ILO is generally pleased with the draft code, but has expressed the same concerns about freedom of association, collective bargaining, and social protection for workers that we raise with our GOI interlocutors. There is also concern that the government may have difficulty implementing the new code once it is passed. That said, MoLSA is already moving forward with portions of the draft law -- including regularized, tripartite meetings of union representatives, employers, and relevant government ministries. Though Reyad continues to press for passage of the labor code, he tells us privately that he doubts the current government will take further action ahead of national elections in March 2010. End Summary.

Draft Labor Law Generally Compliant with ILO Standards

[1](#)3. (SBU) ILO Deputy Regional Director Maurizio Bussi, based in Beirut, has told us that the ILO "collaborates closely with MoLSA and relevant parliamentary committees that were involved in the drafting of the new labor code in consultation with Iraqi employers' and workers' organizations." According to Bussi, ILO provided MoLSA "extensive" comments as the draft code evolved. The last draft he saw, Bussi told Econoff, included "most of" the ILO's comments and suggestions. Bussi acknowledged that there were "some gaps in critical areas such as freedom of association and collective bargaining that remain to be fully addressed....But in our view, the adoption of the new code will provide a better regulatory framework closely linked to international labor standards." The ILO expected that adoption of the code would create a stronger ILO/MoLSA collaboration on capacity development initiatives in critical areas such as labor inspection, labor administration, and on the establishment of tripartite mechanisms to address labor

concerns, Bussi said.

Status Review of Key Labor Issues

14. (SBU) Among other key labor issues, the following would be addressed by the draft labor code:

- The right of association: The Iraqi constitution provides the right to form and join unions and professional associations; however, existing labor laws -- Saddam's 1987 laws -- restrict the right of association by allowing workers' committees only in private-sector worksites with more than 50 employees. Despite the 1987 laws, MoLSA now recognizes committees in workplaces with fewer than 50 employees, according to Reyad.
- The right to organize and bargain collectively: Saddam's 1987 labor laws do not allow for collective bargaining in either public or private sectors. MoLSA has "registered" and begun a dialogue with independent unions; formal "recognition" will come after the new code passes, Reyad told us. Unions have limited power to negotiate with employers, however, MoLSA now hosts monthly, tripartite (MoLSA-Union-Employer) meetings as a national framework for mitigating labor disputes and addressing labor issues. Reyad has told us in the past that these meetings produce concrete recommendations, which he has implemented. We have not, however, obtained specific examples despite several requests.
- Freedom from compulsory labor: The GOI requires all foreign workers to obtain government-issued permits to work

BAGHDAD 00003202 002 OF 002

in Iraq. According to Reyad, the GOI is extremely judicious in its review of applications, mainly as a protectionist measure for domestic labor. The GOI limits the issuance of permits to foreign workers to less than 100 annually, Reyad told us.

- Minimum age for employment of children: The current law prescribes a minimum age, 15 years, for child employment. The law also prohibits the employment of anyone under 18 years old in work that would be detrimental to a worker's health or safety.

- Acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health: According to Reyad, MoLSA cooperates with workers' committees to help enforce occupational safety standards at work sites. MoLSA also sets a minimum monthly wage for unskilled workers.

Legal reforms not the only issues holding up progress

15. (SBU) According to Reyad, basic workers' rights are just one aspect of the Shura Council review. The draft labor code must also contemplate changes to the GOI's massive "work-fare" program, a network of antiquated state-owned enterprises and bloated government ministries with hundreds of thousands of unnecessary employees who do little more than collect state salaries. More than basic labor rights, the Shura's review must include a recommendation on how to ensure that state workers have access to an effective social safety net as jobs are abolished, Reyad said.

16. (C) Comment: Basic labor rights are only one aspect of the serious issues facing Iraqi policy makers in labor reform. Complicated by Saddam's legacy of state-owned enterprises and cronyism that results in bloated government ministries, the GOI is rightfully considering the impacts that drastic changes to labor patterns would have on its struggling social safety net. While passage of any legislation in Iraq is a difficult and frustrating process, MoLSA and the Shura Council may be slowly moving toward acceptance of a labor

regime widely in accordance with international standards. Further, despite the current lack of some important legal labor protections, the government is willing to continue to pay the salaries of hundreds of thousands of workers on the rolls of idle factories. The government's insistence that foreign investors in these SOEs not fire any workers also indicates a fundamental instinct to protect labor's interests, even when economic reform and efficiency might dictate otherwise. End Comment.

HILL